



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CLINTON COUNTY SHERIFF**

**Calendar Year 1998**

**EDWARD B. HATCHETT, JR.  
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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Charlene King, Clinton County Judge/Executive  
Honorable Kay Riddle, Clinton County Sheriff  
Members of the Clinton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Clinton County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1998, in conformity with the basis of accounting described above.

The Clinton County Sheriff has a material weakness in the internal control structure due to a lack of segregation of duties. This weakness in addition to a lack of supervisory oversight by the official resulted in inaccurate and incomplete accounting records. Adjustments for \$28,700 of unrecorded receipts and \$48,429 of unrecorded liabilities were made to the Sheriff's financial statement.

To the People of Kentucky  
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Honorable Kay Riddle, Clinton County Sheriff  
Members of the Clinton County Fiscal Court

The accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Clinton County, Kentucky, for the year ended December 31, 1998, has been prepared assuming that the Clinton County Sheriff will continue as a going concern. As discussed in Note 8 to the financial statement, the Sheriff has suffered recurring losses from operations and has a deficit of \$16,972 in his fee account as of December 31, 1998, that raises substantial doubt about the Sheriff's office to continue as a going concern. The financial statement does not include any adjustments that might result from the outcome of this uncertainty.

Our audit was made for the purpose of forming an opinion on the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Clinton County, Kentucky, for the year ended December 31, 1998 taken as a whole. The accompanying schedules of excess of liabilities over assets as of December 31, 1998 and September 30, 1999 are presented for purposes of additional analysis and are not a required part of the financial statement. In addition, the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Clinton County, Kentucky, for the period of January 1, 1999 through September 30, 1999 is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following areas of noncompliance:

- The Sheriff Should Not Have A Deficit Of \$16,972 In His Official Fee Account As of December 31, 1998
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Maintain Accurate Accounting Records
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Payroll Records
- The Fiscal Court Should Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- Fiscal Court Should Reimburse The Sheriff For The Employer's Share Of FICA And Unemployment Insurance Totaling \$8,921
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Pay Invoices In A Timely Manner
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

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In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
January 24, 2000





STATEMENT OF RECEIPTS, DISBURSEMENTS AND EXCESS FEES



CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

Federal Grants		\$	28,250
State Grants			4,711
Fiscal Court:			
Employer's Share of FICA	\$	8,335	
Unemployment Insurance		<u>586</u>	8,921
Circuit Court Clerk:			
Sheriff Security Service	\$	5,045	
Fines and Fees Collected		<u>650</u>	5,695
County Clerk - Delinquent Taxes			1,647
Commission On Taxes Collected			52,989
Fees Collected For Services:			
Auto Inspections	\$	3,945	
Accident and Police Reports		74	
Serving Papers		9,616	
Transport Mental Patients		2,803	
Estimates		2,490	
Carrying Concealed Deadly Weapon Permits		720	
IRS Refunds		2,334	
Miscellaneous Fees		<u>1,678</u>	23,660
Other:			
Lake Patrol	\$	7,792	
Sheriff's Fee - Advertising		<u>355</u>	8,147
Interest Earned			1,346
Borrowed Money:			
State Advancement			<u>20,000</u>
Gross Receipts (Carried Forward)		\$	155,366

CLINTON COUNTY  
 KAY RIDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1998  
 (Continued)

Gross Receipts (Brought Forward) \$ 155,366

Disbursements

Payments to State-

Carrying Concealed Deadly Weapon Permits \$ 480

Personnel Services-

Deputies' Salaries 64,283

Temporary Help 132

Employee Benefits-

Employer's Share Social Security 8,335

Employer's Share Retirement 2,443

Unemployment Insurance 586

Materials and Supplies-

Office Materials and Supplies 5,238

Uniforms 891

Auto Expense-

Gasoline \$ 9,480

Maintenance and Repairs

Mileage

Vehicle Insurance

Depreciation

Depreciation on Automobiles 6,374 15,854

Other Charges-

Conventions and Travel \$ 830

Postage 230

Insurance 100

Bond 203

Bank Service Charge 71

Penalty and Interest on Late Payment of Payroll Taxes 1,246

Miscellaneous 895 3,575

Debt Service:

State Advancement 20,000

Total Disbursements \$ 121,817

Less: Disallowed Disbursement - Penalty and Interest on

Late Payment of Payroll Taxes 1,246

Total Allowable Disbursements 120,571

Net Receipts \$ 34,795

Less: Statutory Maximum 48,726

Balance Due at Completion of Audit \$ 0

The accompanying notes are an integral part of the financial statement.

CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year. A schedule of excess of liabilities over assets is included in this report as a supplemental schedule.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1998  
(Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff's office maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Sheriff met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Grant

In 1996, the Sheriff was awarded a grant under the Police Hiring Supplemental Program from the Department of Justice in the amount of \$53,154 to be expended over three years. As of December 31, 1997, the Sheriff had received grant funds totaling \$24,716, court ordered receipts of \$3,550, IRS 941 refunds of \$3,402 and spent funds totaling \$30,379, leaving a balance of \$1,289 which was not available as excess fees. During calendar year 1998, the Sheriff received grant funds totaling \$28,250 and spent funds totaling \$29,539. The unexpended balance as December 31, 1998, was zero.

Note 5. Drug Eradication Fund

The Sheriff's office maintains a Drug Eradication Fund. Receipts for this fund are from court ordered payments related to drug cases. These funds are reserved for law enforcement involving drug eradication purposes only and are not available for excess fee purposes. As of January 1, 1998, the Drug Eradication Fund had a beginning balance of \$82. Receipts to this fund for 1998 were \$0 and disbursements totaled \$4, leaving an unexpended balance of \$78 as of December 31, 1998.

Note 6. DARE Fund

The Sheriff's office maintains a Drug Awareness Resistance Fund. Receipts for this fund come from donations and court ordered payments. These funds are reserved for DARE purposes only and are not excess fees. As of January 1, 1998, the DARE Fund had a beginning balance of \$1. During 1998, the Sheriff received no receipts and made no expenditures, leaving an unexpended balance of \$1 as of December 31, 1998.

CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1998  
(Continued)

Note 7. Subsequent Events

Our review of the Sheriff's records subsequent to the audit period disclosed the following non-compliances with federal and state laws.

- a. As of September 30, 1999, the Sheriff has a deficit fund balance of \$45,645. Please see Note 8 and Appendix B for further information.
- b. As of September 30, 1999, Sheriff Riddle had earned \$9,231 in tax commissions from January 1, 1999 through September 30, 1999. However, net commissions paid to the fee account totaled \$34,229. A balance of \$24,998 is due from the fee account to the tax account.
- c. As of September 30, 1999, retirement wages of \$31,436 and retirement withholdings of \$1,572 had not been reported to the Clinton County Treasurer for the period January 1, 1999 through September 30, 1999.
- d. As of September 30, 1999, wages of \$46,818 had not been reported to the Internal Revenue Service for the period January 1, 1999 through September 30, 1999. In addition, federal withholdings of \$4,950 and FICA withholdings of \$3,574 were not reported to the Internal Revenue Service. As noted in Appendix B, as of September 30, 1999, the Sheriff owes the U.S. Treasurer \$22,737 for payroll taxes and FICA.
- e. As of September 30, 1999, wages of \$31,241 had not been reported to the Kentucky Revenue Cabinet for the period January 1, 1999 through September 30, 1999. In addition, state withholdings of \$1,505 were not reported to the Kentucky Revenue Cabinet.
- f. As of September 30, 1999, wages of \$8,244 had not been reported to the Clinton County Occupational Tax Administrator for the period January 1, 1999 through September 30, 1999. In addition, withholding of \$62 were not reported.

*Sheriff's Response:*

*We have hired an additional bookkeeper and we are in the process of buying a computer loaded with helpful managing abilities.*

Note 8. Going Concern

The accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Clinton County, Kentucky, for the year ended December 31, 1998, has been prepared assuming that the Clinton County Sheriff will continue as a going concern. The Sheriff has suffered recurring losses from operations and had operating expenditures over operating receipts of \$13,931 for calendar year 1998. In addition, the Sheriff has a deficit in his fee account of \$16,972 as of December 31, 1998, which raises substantial doubt about the Sheriff's ability to continue as a going concern.

As noted in the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Clinton County, Kentucky, for the period of January 1, 1999 through September 30, 1999 (Appendix A), there were receipts of \$73,709 and disbursements of \$138,087, for a difference of \$64,378.

CLINTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1998  
(Continued)

Note 8. Going Concern (Continued)

The schedule of excess of liabilities over assets as of September 30, 1999 is included in this audit report as Appendix B. The Clinton County Sheriff's 1999 fee account has a deficit of \$45,645 as of September 30, 1999. This deficit results from a \$16,972 deficit carried over from calendar year 1998; \$141 in undeposited receipts; \$4,428 of disallowed expenses; and \$24,104 in expenditures over receipts. In addition, the Clinton County Sheriff has unpaid obligations in the amount of \$109,422 as of September 30, 1999.

The schedule of excess of liabilities over assets as of September 30, 1999 includes a receivable of \$40,274 from the Clinton County Fiscal Court. This receivable is to provide funding for the Sheriff's salary since the Sheriff had a revenue shortfall of \$40,274 for the period of January 1, 1999 through September 30, 1999. The fiscal court is required to provide funding for the Sheriff's 1999 statutory maximum salary if the Sheriff has a revenue shortfall and is unable to pay all mandated expenses out of the fees received by the Office of the Sheriff. This receivable is also subject to change based on the Sheriff's receipts and expenditures for the fourth quarter of 1999. The Sheriff's ledgers show receipts of \$64,958 and disbursements of \$39,606 for the fourth quarter of 1999. No other funding is guaranteed.

*Sheriff's Response:*

*Reason for shortfall is failure of Judge-Executive as chief officer of Fiscal Court to pay expenses and other expenses & fees mandated by statute, and required by law.*



SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS



CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

As of December 31, 1998

Cash in Bank		\$	6,649
Deposits in Transit			1,151
Receivables:			
Due From Clinton County Fiscal Court-			
Employer's Share of FICA	\$	8,335	
Unemployment Insurance		<u>586</u>	\$ 8,921
Due From Sheriff-			
Salary Paid in Excess of Statutory Maximum	\$	851	
Erroneous Payment to Sheriff for Prior Year		70	
Overpayment of KLEFPF		150	
Under-Withheld County Retirement		100	
Under-Withheld FICA		<u>153</u>	1,324
Due from Employees - Overpayment of KLEFPF			437
Transferred from 1999 Fee Account			45,461
Due From 1996 Tax Account:			
Tax Commissions	\$	2,474	
Advertising Fees		<u>216</u>	2,690
Due From 1997 Tax Account:			
Interest	\$	1,298	
Sheriff's Fee - Advertising		355	
Bank Franchise Fee Commissions		1,508	
Deposit Errors		<u>297</u>	<u>3,458</u>
Total Receivables			<u>62,291</u>
Total Assets			<u>\$ 70,091</u>
<u>Liabilities</u>			
Paid Obligations:			
Outstanding Checks		\$	10,132
Other Paid Obligations:			
U.S. Treasurer - Payroll Taxes and FICA			5,842
State Treasurer-			
State Advance	\$	20,000	
Payroll Taxes		<u>1,296</u>	21,296
Other Vendors			<u>614</u>
Total Paid Obligations			\$ 37,884

CLINTON COUNTY  
 KAY RIDDLE, SHERIFF  
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS  
 As of December 31, 1998  
 (Continued)

Liabilities (Continued)

Unpaid Obligations:

U.S. Treasurer-		
Federal Tax Withholdings and Matching	\$	9,361
Kentucky State Treasurer-		
State Withholdings		1,143
Carrying Concealed Deadly Weapon Permits		160
Clinton County Fiscal Court-		
Retirement Withholdings and Matching-		
1997 Fees		452
1998 Fees		2,024
1996 Tax Account-		
Refunds		3,096
1997 Tax Account-		
Overpayment of Tax Commissions		9,423
Franchise Taxes Deposited to Fee Account		1,172
1998 Tax Account-		
Overpayment of Tax Commissions		14,813
Due to Employees-		
Underpayment of Wages		274
FICA Over-Withheld		58
Due to Sheriff - Depreciation on Automobiles		6,374
Due to 1999 Fee Account		829
		<hr/>
Total Unpaid Obligations	\$	<u>49,179</u>
Total Liabilities	\$	<u>87,063</u>
Total Fund Deficit as of December 31, 1998	\$	<u>(16,972)</u>

## COMMENTS AND RECOMMENDATIONS



CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS

Calendar Year 1998

FEDERAL/STATE LAWS AND REGULATIONS:

- 1) The Sheriff Should Not Have A Deficit Of \$16,972 In His Official Fee Account As Of December 31, 1998

Sheriff Riddle is responsible for a \$16,972 deficit in his official bank account as of December 31, 1998. This deficit results from \$1,246 in disallowed expenditures; \$1,546 undeposited receipts; \$13,931 in operating expenditures over operating receipts; and \$249 in an immaterial unknown difference. We recommend the Sheriff eliminate this deficit with \$16,972 of personal funds and, in the future, should ensure that all receipts are deposited intact daily and that only allowable expenditures are paid from the official account.

*Sheriff's Response:*

*We are once again asking the Fiscal Court for help in Funding especially concerning \$13,931.00 in over operating expenses. We did not know anything about undeposited receipts.*

- 2) The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office

In Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses. Therefore, the following expenditures are disallowed:

<u>Type</u>	<u>Amount</u>	<u>Reason Disallowed</u>
IRS Penalties and Interest	\$1,246	Not Necessary

We recommend that in the future only expenditures necessary for the operation of the Sheriff's office be paid from the official account.

*Sheriff's Response:*

*None.*

- 3) The Sheriff Should Maintain Accurate Accounting Records

During the audit of the Sheriff's receipts and disbursements for calendar year 1998, we noted numerous errors in the Sheriff's accounting records. These included the following:

- a) The receipts ledger and daily checkout sheets were inaccurate. Several daily checkout sheets appeared to have been adjusted to reflect cash collected rather than actual receipts per batched receipt tickets. Also, daily checkout sheets were either not accurately posted to the receipts ledger or not posted to the receipts ledger. In addition, daily checkout sheets do not reflect cash shortages and overages. Total cash shortages of \$1,815 were found for calendar year 1998. These shortages were somewhat offset by approximately \$269 of cash overage for a net cash shortage of \$1,546. Also, all receipts were not recorded. Receipts of \$28,700 were found deposited but not recorded in the ledger or on daily checkout sheets.

CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1998  
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

3) The Sheriff Should Maintain Accurate Accounting Records (Continued)

- b) Several deposits were found in the fee bank account that contained property tax checks. We also found checks to the Sheriff from the County Clerk for delinquent taxes that were deposited erroneously in the property tax bank account.
- c) The Sheriff's disbursements ledger was not posted accurately. Some 1997 expenditures had been charged to the 1998 fees and some 1998 expenditures had been charged to the 1999 fees.
- d) Due to incorrect receipts and disbursements ledger amounts, the Sheriff's fourth quarter report of receipts and disbursements was not accurate. The Sheriff had not presented an excess fee settlement to the fiscal court nor published one.

KRS 68.210, the Uniform System of Accounts requires the Sheriff to keep and maintain a daily receipts and disbursements ledger. This includes prenumbered cash receipt tickets which are batched daily and posted daily to a checkout sheet. The daily checkout sheet is then posted daily to the receipts ledger. Deposits should be made daily and should agree to the receipts ledgers. We recommend the Sheriff initiate procedures to ensure that all receipts for each day are properly received, accurately recorded, and are deposited intact.

*Sheriff's Response:*

*None.*

4) The Sheriff Should Transfer Correct Commissions From Tax Collections

Sheriff Riddle earned \$51,481 in tax commissions for calendar year 1998. However, net commissions paid to the fee account totaled \$71,167. In addition, the prior year fee account was overpaid tax commissions of \$4,550 for 1997 tax collections. A balance of \$24,236 is due from the fee account to the tax account. KRS 134.170 states the sheriff shall not apply or use any money received by him for any purpose other than that which the money was paid or collected. We recommend the Sheriff pay actual tax commissions earned to the fee account on a monthly basis.

*Sheriff's Response:*

*None.*



CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1998  
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

5) The Sheriff Should Maintain Accurate Payroll Records

KRS 337.320 requires every employer to keep a record of the amount paid each pay period to each employee and the hours worked each day and each week by each employee. Sheriff Riddle does not maintain proper time records on all employees. Time records do not show the hours worked each day and each week by each employee. In addition, individual earnings records did not include all amounts paid to each employee. Sheriff Riddle should require all employees to keep time records that include the number of hours worked every day and every week.

*Sheriff's Response:*

*None.*

6) The Fiscal Court Should Set Deputy Sheriff Salaries Annually

KRS 64.530(3) requires the fiscal court to fix annually the maximum amount, including fringe benefits, which the Sheriff may expend for deputies and assistants, and allow the Sheriff to determine the number to be hired and the individual compensation of each deputy and assistant. The fiscal court did not set maximum salaries for the Sheriff's deputies for calendar year 1998. We recommend the fiscal court comply with KRS 64.530(3) by setting the maximum salaries and fringe benefits for Sheriff's deputies on an annual basis.

*Sheriff's Response:*

*None.*

7) The Sheriff Should Properly Report Payroll Wages And Withholdings

Sheriff Riddle failed to properly report payroll wages and withholdings to the County Employees Retirement System, the Internal Revenue Service, and Kentucky Revenue Cabinet.

a) Retirement

KRS 78.610 requires employees of a participating county to contribute 5% of his or her compensation to the County Employees Retirement System (CERS). Clinton County Sheriff's office does participate in CERS. Sheriff Riddle reports retirement wages and withholdings to the Clinton County Treasurer (County Treasurer). He also pays retirement withholdings to the County Treasurer. The County Treasurer then reports and pays retirement to CERS. However, retirement withholdings were not made on all compensation of employees participating in CERS. In addition, for calendar year 1998, retirement wages of \$39,352 and retirement withholdings of \$1,968 were not reported to the County Treasurer. As of December 31, 1998, the Clinton County Sheriff's office owes the County Treasurer \$1,968 for retirement withholdings. Sheriff Riddle should report and pay employees retirement wages and withholdings to the County Treasurer. In addition, Sheriff Riddle should withhold retirement from all compensation of employees participating in CERS.

CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1998  
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

7) The Sheriff Should Properly Report Payroll Wages And Withholdings (Continued)

a) Retirement (Continued)

The Clinton County Sheriff is required to pay the County Treasurer the employer's share of retirement for the wages reimbursed from the COPS Universal Hiring Grant and the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). Sheriff Riddle did not pay all of the employer's share of retirement for KLEFPF wages to the County Treasurer. As of December 31, 1998, the Clinton County Sheriff's office owes the County Treasurer \$56 for the employer's share of retirement. Sheriff Riddle should pay all employer's share of retirement reimbursed from the COPS Universal Hiring Grant and KLEFPF to the County Treasurer.

b) Federal

26 USCA § 3402 states that every employer making payment of wages shall deduct and withhold upon such wages federal income taxes. In addition, 26 USCA § 3102 requires every employer to withhold FICA from wages. Every employer is required by federal law to file each quarter a Employer's Quarterly Federal Tax Return with the Internal Revenue Service (IRS). This return should include total wages for all employees, income tax withheld from all wages, and FICA withheld. However, for calendar year 1998, wages of \$21,076 were not reported to the IRS. In addition, federal withholdings of \$5,650 and FICA withholdings of \$3,253 were not reported to the IRS. Sheriff Riddle is also not making federal deposits as required by federal law. As of December 31, 1998, the Clinton County Sheriff's office owes the Internal Revenue Service \$9,361 for federal withholdings, FICA withholdings, and employer's share of FICA. Sheriff Riddle should report all wages, federal withholdings, and FICA withholdings to the IRS quarterly. He should also pay all federal and FICA withholdings to the IRS. Sheriff Riddle should also make federal deposits on a timely basis.

c) State

KRS 141.310 states that every employer making payment of wages on or after January 1, 1971, shall deduct and withhold upon the wages state income taxes. KRS 141.330 requires every employer to file on or before the last day of the month following the close of each quarterly period a return reporting the tax withheld for that quarter. This return should include total wages for all employees and Kentucky income tax withheld. However, for calendar year 1998, wages of \$30,438 were not reported to the Kentucky Revenue Cabinet. In addition, state withholdings of \$1,143 were not reported to the Kentucky Revenue Cabinet. As of December 31, 1998, the Clinton County Sheriff's office owes the Kentucky Revenue Cabinet \$1,143 for state withholdings. Sheriff Riddle should report all wages and state withholdings to the Kentucky Revenue Cabinet. He should also pay all state withholdings to the Kentucky Revenue Cabinet.

We are referring these matters to the County Employees Retirement System, the Internal Revenue Service, and the Kentucky Revenue Cabinet for further action.

*Sheriff's Response:*

*None.*

CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1998  
(Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

8) Fiscal Court Should Reimburse The Sheriff For The Employer's Share Of FICA And Unemployment Insurance Contributions Totaling \$8,921

OAG 68-51 opines that the fiscal court must pay the employer's share of FICA contributions for the county sheriff's deputies and assistants. OAG 79-433 and OAG 79-468 opine that the fiscal court must pay the unemployment insurance contributions for sheriff's deputies and assistants in a county where the sheriff's office does not generate excess fees from which the contributions could be made. Therefore, the Clinton County Fiscal Court should reimburse the Clinton County Sheriff's office \$8,335 and \$586 for expenditures during calendar year 1998 for the employer's share of FICA and unemployment insurance contributions respectively. In the future, the Sheriff should submit a report to the Fiscal Court for reimbursement of the employer's share of FICA on a monthly basis. The Sheriff should also submit claims for reimbursement of unemployment insurance contributions where his office does not generate excess fees from which the contributions could be made.

*Sheriff's Response:*

*None.*

8) The Sheriff Should Prepare And Publish An Annual Settlement

Sheriff Riddle did not prepare an annual settlement as required by KRS 134.310(5). KRS 134.310(5) requires the Sheriff to file an annual settlement with the fiscal court when he files his yearly tax settlement, with July 1 being the latest date to file. In addition, Sheriff Riddle did not publish an annual settlement in accordance with KRS 424.220, which requires financial statements be published within 60 days after the end of the calendar year. We recommend the Sheriff comply with these statutes by preparing, publishing, and filing an annual settlement within the proper time periods.

*Sheriff's Response:*

*None.*

9) The Sheriff Should Pay Invoices In A Timely Manner

Several invoices were not paid in a timely manner. Many invoices were paid anywhere from four to seventeen months late. In addition, several invoices were not properly cancelled. The Uniform System of Accounts requires all public officials to pay vendors within 30 days of the invoice date. We recommend the Sheriff initiate procedures to ensure that all invoices are paid in a timely manner and are properly cancelled with the date paid, check number, amount paid, and the initials of the person preparing the payment. We further recommend the Sheriff review and sign off on all invoices to be paid.

*Sheriff's Response:*

*None.*

CLINTON COUNTY  
 KAY RIDDLE, SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 Calendar Year 1998  
 (Continued)

FEDERAL/STATE LAWS AND REGULATIONS: (Continued)

10) The Sheriff Should Obtain Reimbursement From State For Expenses

The Sheriff is allowed to obtain reimbursement from the Commonwealth of Kentucky for certain expenses. Some of these expenses are waiting on the court, transporting prisoners, and return of fugitives. Sheriff Riddle did not obtain reimbursement for these expenses during calendar year 1998. We recommend that in the future Sheriff Riddle obtain reimbursement from the state for expenses whenever possible.

*Sheriff's Response:*

*None.*

INTERNAL CONTROL - REPORTABLE CONDITIONS:

11) The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

We noted the lack of an adequate segregation of duties for the internal control structure and its operation that in our judgement is a reportable condition under standards established by the American Institute of Certified Public Accountants. Management has considered and rejected additional cost when setting budget limits on spending for salaries and therefore accepts the degree of risk for a lack of an adequate segregation of duties. However the lack of an adequate segregation of duties and the failure to maintain accurate accounting records are hereby noted as reportable conditions pursuant to professional auditing standards.

*Sheriff's Response:*

*None.*

12) Other Reportable Conditions

The comments noted below are noted as reportable conditions pursuant to professional auditing standards.

- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Maintain Accurate Accounting Records
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Payroll Records
- The Fiscal Court Should Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- Fiscal Court Should Reimburse The Sheriff For The Employer's Share Of FICA And Unemployment Insurance Totaling \$8,921
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Pay Invoices In A Timely Manner

CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
Calendar Year 1998  
(Continued)

INTERNAL CONTROL - REPORTABLE CONDITIONS: (Continued)

13) Other Reportable Conditions (Continued)

- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

*Sheriff's Response:*

*None.*

INTERNAL CONTROL - MATERIAL WEAKNESSES:

14) Material Weaknesses

The comments noted below are hereby noted as material weaknesses.

- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Maintain Accurate Accounting Records
- The Sheriff Should Transfer Correct Commissions For Tax Collections
- The Sheriff Should Maintain Accurate Payroll Records
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- The Sheriff Should Pay Invoices In A Timely Manner
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

*Sheriff's Response:*

*None.*

PRIOR YEAR COMMENTS AND RECOMMENDATIONS:

In the prior year audit report, we made the following comments and recommendations:

- Accurate Accounting Records Should Be Maintained
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Fiscal Court Should Set Fee Official Deputy Salaries Annually
- The Sheriff Should Record and Deposit All Funds Received To His Official Account
- The Sheriff Should Make Timely And Accurate Federal Tax Withholdings Reports

These findings have not been corrected and have been commented on in the current audit report.

*Sheriff's Response:*

*None.*



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Charlene King, Clinton County Judge/Executive  
Honorable Kay Riddle, Clinton County Sheriff  
Members of the Clinton County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Clinton County Sheriff as of December 31, 1998, and have issued our report thereon dated January 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clinton County Sheriff's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- The Sheriff Should Not Have A Deficit Of \$16,972 In His Official Fee Account As Of December 31, 1998
- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Maintain Accurate Accounting Records
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Payroll Records
- The Fiscal Court Should Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- Fiscal Court Should Reimburse The Sheriff For The Employer's Share Of FICA And Unemployment Insurance Totaling \$8,921
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Pay Invoices In A Timely Manner

Honorable Charlene King, Clinton County Judge/Executive  
 Honorable Kay Riddle, Clinton County Sheriff  
 Members of the Clinton County Fiscal Court  
 Report On Compliance And On Internal Control  
 Over Financial Reporting Based On An Audit Of The Financial  
 Statement Performed In Accordance With Government Auditing Standards  
 (Continued)

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clinton County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Maintain Accurate Accounting Records
- The Sheriff Should Transfer Correct Commissions From Tax Collections
- The Sheriff Should Maintain Accurate Payroll Records
- The Fiscal Court Should Set Deputy Sheriff Salaries Annually
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- Fiscal Court Should Reimburse The Sheriff For The Employer's Share Of FICA And Unemployment Insurance Totaling \$8,921
- The Sheriff Should Prepare And Publish An Annual Settlement
- The Sheriff Should Pay Invoices In A Timely Manner
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be a material weakness.

- The Sheriff Should Expend Public Funds Only For Necessary Expenses Of The Sheriff's Office
- The Sheriff Should Maintain Accurate Accounting Records

Honorable Charlene King, Clinton County Judge/Executive  
Honorable Kay Riddle, Clinton County Sheriff  
Members of the Clinton County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

- The Sheriff Should Transfer Correct Commissions For Tax Collections
- The Sheriff Should Maintain Accurate Payroll Records
- The Sheriff Should Properly Report Payroll Wages And Withholdings
- The Sheriff Should Pay Invoices In A Timely Manner
- The Sheriff Should Obtain Reimbursement From State For Expenses
- The Internal Control Structure Of The Sheriff's Office Is Weak Due To A Lack Of Adequate Segregation Of Duties

This report is intended for the information and use of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed –  
January 24, 2000



APPENDIX A:  
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

JANUARY 1, 1999 THROUGH SEPTEMBER 30, 1999



CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

January 1, 1999 Through September 30, 1999

Receipts

Federal Fees for Services	\$	6,908
State Grants		9,606
Circuit Court Clerk:		
Sheriff Security Service	\$	5,047
Fines and Fees Collected		400
		5,447
Fiscal Court:		
Employer's Share of FICA	\$	8,237
Unemployment Insurance		651
Election Commissioner		325
		9,213
County Clerk - Delinquent Taxes		1,363
Commission On Taxes Collected		9,231
Fees Collected For Services:		
Auto Inspections	\$	2,915
Accident and Police Reports		43
Carrying Concealed Deadly Weapon Permits		1,500
Serving Papers		7,665
Sheriff's 10% Fee		6,313
		18,436
Other:		
Transfer from Drug Fund	\$	12,700
Miscellaneous		104
		12,804
Interest Earned		701
Gross Receipts (Carried Forward)	\$	73,709

CLINTON COUNTY  
 KAY RIDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 January 1, 1999 Through September 30, 1999  
 (Continued)

Gross Receipts (Brought Forward)	\$	73,709
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Disbursements

Operating Disbursements:

Payments to State-

Carrying Concealed Deadly Weapon Permits	\$	1,000
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Personnel Services-

Deputies' Gross Salaries	72,134
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Part-Time Gross Salaries	740
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Employee Benefits-

Employer's Share Social Security	8,237
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Employer's Share Retirement	2,186
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Unemployment Insurance	651
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Materials and Supplies-

Film Development	30
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Office Materials and Supplies	880
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Uniforms	857
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Auto Expense-

Gasoline	7,179
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Maintenance and Repairs	1,987
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Depreciation on Automobiles	4,033
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Other Charges-

Bank Service Charges	188
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Bond	283
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Conventions and Travel	921
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Dues	315
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Finance Charges	39
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Insufficient Fund Charge	15
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Penalties and Interest	240
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Postage	46
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Telephone	280
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Total Disbursements (Carried Forward)	\$	102,241
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CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
January 1, 1999 Through September 30, 1999  
(Continued)

Total Disbursements (Brought Forward)	\$	102,241
Less: Disallowed Disbursements		
Penalties and Interest	\$	240
Finance Charge		39
Insufficient Fund Charge		15
Deputies' Gross Salaries		<u>4,134</u>
		<u>4,428</u>
Total Allowable Disbursements	\$	<u>97,813</u>
Net Receipts	\$	(24,104)
Less: Statutory Maximum (Nine Months)		<u>40,274</u>
Balance as of September 30, 1999	\$	(64,378)
Statutory Contribution From Fiscal Court For Sheriff's Salary		<u>40,274</u>
Balance Due as of September 30, 1999	\$	<u><u>0</u></u>

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APPENDIX B:  
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

AS OF SEPTEMBER 30, 1999



CLINTON COUNTY  
KAY RIDDLE, SHERIFF  
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

As of September 30, 1999

Assets

Cash in Bank		\$	1,055
Deposits in Transit			2,324
Receivables:			
Due From Clinton County Fiscal Court-			
Employer's Share of FICA-			
1998 Fees	\$	8,335	
1999 Fees		8,237	
Unemployment Insurance-			
1998 Fees		586	
1999 Fees		651	
Statutory Contribution For Sheriff's Salary		40,274	\$ 58,083
Due From Sheriff for 1998 Fees-			
Salary Paid in Excess of Statutory Maximum	\$	851	
Erroneous Payment to Sheriff for Prior Year		70	
Overpayment of KLEFPF		150	
Under-Withheld County Retirement		100	
Under-Withheld FICA		153	1,324
Due From Sheriff for 1999 Fees-			
Salary Paid in Excess of Statutory Maximum	\$	109	
Under-Withheld County Retirement		162	
Under-Withheld County Payroll Tax		29	300
Due from Employees for 1998 Fees-			
Overpayment of KLEFPF			437
Due from Employees for 1999 Fees-			
Overpayment of KLEFPF	\$	895	
Overpayment of Salaries		54	
Under-Withheld County Retirement		174	
Under-Withheld FICA		7	
Under-Withheld County Payroll Tax		70	1,200
Due From 1996 Tax Account-			
Tax Commissions	\$	2,474	
Advertising Fees		216	2,690
Due From 1997 Tax Account-			
Interest	\$	1,298	
Sheriff's Fee-Advertising		355	
Bank Franchise Fee Commissions		1,508	
Deposit Errors		297	3,458

CLINTON COUNTY  
 KAY RIDDLE, SHERIFF  
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS  
 As of September 30, 1999  
 (Continued)

Assets (Continued)

Receivables: (Continued)

Due From 1998 Tax Account-

Interest	\$	675	
Sheriff's Fee		3,983	
Bank Franchise Fee Commissions		<u>24</u>	\$ 4,682

Total Receivables \$ 72,174

Total Assets \$ 75,553

Liabilities

Paid Obligations:

Outstanding Checks		\$	5,407	
Other Paid Obligations:				
U.S. Treasurer - Payroll Taxes and FICA			1,607	
State Treasurer-				
Payroll Taxes			1,196	
Carrying Concealed Deadly Weapon Permits			80	
Clinton County Fiscal Court-				
Payroll Taxes	\$	1,033		
Retirement		<u>352</u>	1,385	
Deputies' Salaries			818	
Unemployment Insurance			651	
Other Vendors			<u>632</u>	
Total Paid Obligations				\$ 11,776

Unpaid Obligations:

U.S. Treasurer-				
Federal Tax Withholdings and Matching-				
1998 Fees	\$	9,361		
1999 Fees		<u>22,737</u>	\$	32,098
Kentucky State Treasurer-				
State Withholdings-				
1998 Fees	\$	1,143		
1999 Fees		<u>1,505</u>	2,648	
Carrying Concealed Deadly Weapon Permits				
1998 Fees	\$	160		
1999 Fees		<u>480</u>	640	

CLINTON COUNTY  
 KAY RIDDLE, SHERIFF  
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS  
 As of September 30, 1999  
 (Continued)

Liabilities (Continued)

Unpaid Obligations: (Continued)

Clinton County Fiscal Court-

Retirement Withholdings and Matching-

1997 Fees	\$	452	
1998 Fees		2,024	
1999 Fees		<u>2,212</u>	\$ 4,688

County Withholdings - 1999 Fees 66

Kentucky Law Enforcement Foundation

Program Fund-

Overpayment of Grant 3,097

1996 Tax Account-

Refunds 3,096

1997 Tax Account-

Overpayment of Tax Commissions-

1998 Fees	\$	9,423	
1999 Fees		<u>11,000</u>	20,423

Franchise Taxes Deposited to Fee Account 1,172

Bank Service Charges 24

1998 Tax Account-

Overpayment of Tax Commissions-

1998 Fees	\$	14,813	
1999 Fees		<u>13,998</u>	28,811

Taxes Deposited to Fee Account 1,717

Bank Service Charges 110

Due to Employees for 1998 Fees-

Underpayment of Wages 274

FICA Over-Withheld 58

Due to Employees for 1999 Fees-

Over-Withheld County Payroll Tax 3

Due to Sheriff-

Underpayment of Wages - 1999 Fees 90

Depreciation on Automobiles-

1998 Fees	\$	6,374	
1999 Fees		<u>4,033</u>	<u>10,407</u>

Total Unpaid Obligations \$ 109,422

Total Liabilities \$ 121,198

Total Fund Deficit as of September 30, 1999 \$ (45,645)

